

*orig. mining file  
12-192 at W. Hedberg  
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*11/037/028  
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January 6, 1992

Paul T. West  
UNOCAL North American Oil & Gas Division  
UNOCAL Corporation  
3300 North Butler Avenue, Suite 200  
Farmington, NM 87401

Dear Mr. West:

W.K. Enterprises has asked that we respond to your letter of December 4, 1991, which was apparently occasioned by my letter to your company dated November 20, 1991. What goes around comes around.

After rereading my letter to you, I suppose you could conclude that I suggested that Shumways had in fact encountered "poisonous gas" while working on their property. That was not the intent, and although I believe the letter does not so state, if I led you astray, I apologize.

What I am told did happen is that sometime in the latter part of October or the early part of November, 1987, an MSHA inspector ordered one of the W.K. Enterprises mines closed because of an incident occurring near the mine location where poison gas had been encountered at a fairly shallow level in the course of exploratory drilling for minerals other than oil and gas. Pursuant to an order of the MSHA inspector, no one was permitted to reenter the mine until they were able to safely conclude that none of the "poisonous gas" had entered the mine. Apparently none had, and they thereafter were able to continue mining operations.

I am also told that there is a UNOCAL well within approximately one-fourth to one-half mile from the Mi Vida mine and the Big Bucks mine. It is not clear to me that the alleged poison gas escaped from that particular well or from a different well. The point is, as I understand it, that somehow or another some poisonous gas from one of UNOCAL's wells in that area escaped into

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a shallow formation. In the course of exploratory drilling (for uranium I understand) this poisonous gas was allowed to escape. Fortunately, no one was injured, but it was of sufficient concern that the MSHA people closed mines in the area and otherwise curtailed mining or exploration activities.

I am told that most of the wells in this particular area produce poisonous gas to one degree or another. That, together with the fact that at least one UNOCAL well is within a very short distance of two of W.K. Enterprises' major mines is the basis for my client's unrest. Unpredictable discharges of poisonous gas in close proximity to human activity is a recipe for catastrophe.

I realize we have not provided you with the specific information you requested concerning the earlier letter. If those are important to you in your decision making, I will advise my clients to try to furnish you with that information. However, if that is not really necessary in order to meet with W.K. Enterprises and try to resolve the problem, perhaps it can be dispensed with.

In the meantime, please feel free to contact me if I can be of any assistance as you attempt to resolve this problem with Mr. and Mrs. Shumway.

Very truly yours,

WILLIAMS, TURNER & HOLMES, P.C.

Berndt C. Holmes

BCH/jt  
xc: W.K. Enterprises  
Dianne Nielson